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By Leon E. Wynter

Black-Owned Firms Make Race an Issue In Winning Consumers

YOU'RE A proud African-American woman in the hair-care aisle. The packaging promises to make your hair feel like spun silk. Before you buy, do you ask yourself, "Am I supporting a black-owned business?" Or does getting the best "do" for the dollar take precedence?

Some black entrepreneurs are betting that African-Americans want to "buy black" – they just need reminding. They're touting their black-owned status to help fight incursions into the market by increasingly savvy, deep-pocketed white-owned rivals. And they are adding a fresh dose of race pride and empowerment to their pitches to distinguish a new niche – the black-owned brand – from products that merely sound black. The major black hair-care firms have mounted a campaign to teach consumers which brands are black and, by implication, which ones aren't. Similarly, the founder of Black Expo USA, trade fairs for black businesses, is banking on black public opinion in confronting a competing event promoted by a white-owned radio station chain.

But what difference should race make to the black consumer? Is there a point where the interests of black entrepreneurs and black consumers diverge? The success of more white firms selling "black things" – such as fashion and cultural items – to black people, and the future of African-American businesses competing for the same customers may be riding on the answers.

Summit Communications Group, the white owner of several black-oriented radio stations, says it canceled plans to bring its "For Sisters Only" expo to New York to avoid controversy during the sale of its station there. Black Expo USA founder Jerry Roebuck says he plans to marshal civil-rights activists and other community supporters "to encourage African-American consumers not to attend, and to buy black." Both trade fairs feature entertainment, information and exposure for small black-owned firms; "For Sisters Only," which has been produced in Atlanta and Baltimore, targets women.

MR. ROEBUCK contends black women attend "For Sisters Only" in droves because the title suggests black empowerment through supporting black business, which Summit is not. "We are misled into believing we're helping our community. . . . that it's a black-run thing," he says.

But there may be other motivations. "I believe they go to the event because it's an event . . . they hear about the things going on, the talent, the seminars, the autographs and the giveaways," says a Summit spokeswoman.

The American Health & Beauty Aids Institute, the trade group for black-owned hair-care firms, says blacks are similarly misled into buying white-owned brands such as African Pride and Dark & Lovely that sound black. In a survey commissioned by the trade group, 77% of its consumers wanted to purchase more products from black-owned firms, up sharply from the late 1970s, but most didn't know which brands were black-owned. Only one in five respondents said they look for the organization's symbol, a profile in silhouette with long wavy hair. So the group is running a 25-city promotion on black-oriented radio stations (including Summit's New York station) in which callers win samples for identifying the black-owned brands.

"Black consumers do care who they buy from now," says Cornell McBride of McBride Research Laboratories, an Atlanta hair-care firm. "I think there is an increased black awareness; that's what were trying to take advantage of."

Randy Jones

But it may be tough to take that to the bank. "In surveys, black consumers say they try to patronize black firms, but it's not a major factor in their purchase decisions," says economist Timothy Bates of the New School for Social Research in New York, who studies minority business development. "I'm not into who makes it," says Deloris Weekes, a 29-year-old manager. "So long as it works for my hair, I will buy it."

MR. ROEBUCK argues consumers should consider that black-owned firms "recycle dollars within the African-American community," while white firms "extract dollars from this community." But this emotional argument, identifying the good of individual black firms with the enrichment of all black people, may have limited economic validity, even for other black entrepreneurs. Thus, Essence and Ebony magazines, published by two of the nation's most prominent black firms, have so far refused to accept the black trade group's "informational" ads. The publishers also refused to comment, but the magazines' advertising pages speak for themselves: White-owned firms dominate the personal-products ads.

Similarly, "For Sisters Only," while making a profit for Summit's Atlanta station, also donates $50,000 to the city's Coalition of 100 Black Women, a professional group. Atlanta marketing consultant Charlotte Roy says she has done well putting her Fortune 100 clients into both Black Expo USA and "For Sisters Only." "Why should it be a problem? The more forums for African-Americans to share information, the better!" says Ms. Roy, who is black.

Mr. Bates notes that more choice for black consumers – or for black marketers such as Ms. Roy – is a net gain for the black community, even if it pinches some black firms. As it happens, Ms. Weekes' favorite hair relaxer, Hawaiian Silky, is made by a black-owned firm. It pleases her, because she's willing to believe it may do more for her community. But she adds, "The bottom line is still: Are they doing more for my hair?"

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